

URGENT LEGAL MATTER: PROMPT REPLY REQUESTED
CERTIFIED MAIL, RETURN RECEIPT REQUESTED #7010 2780 0002 4354 7668

Mr. Richard F. Bergner
For National Oil Recovery Corporation
Richard F. Bergner & Associates
5151 San Felipe, Suite 1950
Houston, Texas 77056-3607

Re: CERCLA 104(e) INFORMATION REQUEST
Falcon Refinery Superfund Site, Southeast of Ingleside in San Patricio County, Texas
SSID No. 06TN and SSID No.06MC

Dear Mr. Bergner:

The U.S. Environmental Protection Agency (EPA) seeks cooperation from the National Oil Recovery Corporation (NORCO), a Delaware corporation recognized by the Texas Secretary of State to conduct business in Texas. Cooperation is requested to aid the EPA in its determination of NORCO's financial ability to pay response costs in connection with the Falcon Refinery Superfund Site (Site) located in San Patricio County, Texas.

The EPA requests NORCO complete the enclosed Information Request and ability to pay documents. In addition, NORCO is asked to provide any additional information that will facilitate a better understanding of its financial situation.

The Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) Section 104(e), 42 U.S.C. § 9604(e), gives the EPA the authority to require the respondent to respond to this information request (see Enclosure 1). We encourage you to give this matter your full attention, and we respectfully request you to respond to this request for information within thirty (30) days of receipt of this letter. You may designate another official with the requisite authority to respond on behalf of yourself. However, failure to respond to this information request may result in the EPA seeking penalties of up to \$37,500 per day of violation. In addition, furnishing false, fictitious or fraudulent statements or representations is subject to criminal penalty under 18 U.S.C. § 1001.

Please provide a written response to Mr. Robert Werner, Enforcement Officer, at the address included in the Information Request. Please refer to Enclosure 2 for important instructions and definitions and Enclosure 3 for specific questions that require your response to this Information Request.

If you have any questions regarding this letter, contact Mr. Werner at (214) 665-6724. For legal questions concerning this letter, please have your legal counsel contact Ms. Gloria Moran at (214) 665-3193.

Thank you for your attention to this matter.

Sincerely yours,

Wren Stenger, Associate Director
Technical and Enforcement Branch
Superfund Division

Enclosures (4)

ENCLOSURE 1
FALCON REFINERY SUPERFUND SITE
INFORMATION REQUEST
RESPONSE TO INFORMATION REQUEST

Under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), commonly known as the federal "Superfund" law, the U.S. Environmental Protection Agency (EPA) responds to the release or threat of release of hazardous substances, pollutants or contaminants into the environment to stop additional contamination and to clean-up or otherwise address any prior contamination.

The EPA is requesting information under CERCLA Section 104(e). Section 104(e) may be found in the United States Code (U.S.C.) at Title 42 Section (section is denoted by the symbol "§") 9604(e) 42 U.S.C. § 9604(e).

Pursuant to the authority of CERCLA §104(e), you are hereby requested to respond to the enclosed information request. If you have any questions concerning the Site's history or this information request letter, please contact Mr. Robert Werner, the designated Enforcement Officer for the Site, at phone number (214) 665-6724, fax number (214) 665-6660 or via email at werner.robert@epa.gov. Please mail your response within 30 calendar days of your receipt of this request to the following address:

Mr. Robert Werner, Enforcement Officer
Superfund Enforcement Assessment Section (6SF-TE)
U.S. EPA, Region 6
1445 Ross Avenue
Dallas, Texas 75202-2733

If you or your attorney has legal questions that pertain to this information letter request, please contact Ms. Gloria Moran at phone number (214) 665-3193 fax number (214) 665-2182 or via email at moran.gloria-small@epa.gov. For contact via mail, use the following address:

Ms. Gloria Moran, Attorney
Office of Regional Counsel (6RC-S)
U. S. EPA Region 6
1445 Ross Avenue
Dallas, Texas 75202-2733

BACKGROUND INFORMATION

The Falcon Refinery Superfund Site (Site) is the location from which the now closed Falcon Refinery had operated. The Site is located southeast of the city limits of the City of Ingleside, in San Patricio County, Texas. The Site's land area approximates 101.5 acres. The Site's land area is comprised of four separate parcels of land; a 9.145 acre parcel, a 50.113 acre parcel, a 28 acre parcel, and a 14.24 acre parcel. The 9.145 acre parcel is situated on the northwest side of where Farm-to-Market Road 2725 and Bishop Road/County Road 4717 intersect. The 50.113 acre parcel is situated on the southeast corner of where Farm-to-Market Road 2725 and Bishop Road/County Road 4717 intersect. The 28 acre parcel is adjacent to the southeast side of the 50.113 acre parcel and both parcels are adjacent to the southwest side of County Road 4717. The 14.24 acre parcel is bounded on its southeast side by Redfish Bay and contains land areas on both sides of County Road 4692.

Primary processing activities at the now closed Falcon Refinery had been conducted on the 50.113 acre parcel. Transfer of materials between barges and storage tanks occurred at the dock facility on the 14.24 acre parcel.

In May 2000, the Texas Natural Resource Conservation Commission conducted sampling activities at the Site and documented the following hazardous substances: cyclohexane, methcyclohexane, toluene, ethylbenzene, xylenes (totals), fluoranthene, pyrene, benzo(a)anthracene, chrysene, benzo(b)fluoranthene, benzo(k)fluoranthene, benzo(a)pyrene, ideno(1,2,3-cd)pyrene, benzo(g,h,i)perylene, aluminum, arsenic, barium, cadmium, chromium, copper, lead, manganese, mercury, nickel, selenium, thallium, vanadium, and zinc. The findings of an Expanded Site Inspection, completed in November 2000, revealed releases from the Site of the following hazardous substances: fluoranthene, pyrene, benzo(a)anthracene, chrysene, benzo(b)fluoranthene, benzo(k)fluoranthene, benzo(a)pyrene, ideno(1,2,3-cd)pyrene, benzo(g,h,i)perylene, dibenz(a,h)anthracene, barium, manganese, and mercury.

ENCLOSURE 2
FALCON REFINERY SUPERFUND SITE
INFORMATION REQUEST
INSTRUCTIONS AND DEFINITIONS

INSTRUCTIONS

1. Please provide a separate narrative response for each and every Question and subpart of a Question set forth in this Information Request.
2. Precede each answer with the Question (or subpart) and the number of the Question (and the letter of a subpart of a Question, if applicable) to which it corresponds.
3. If information or documents not known or not available to you as of the date of submission of a response to this Information Request should later become known or available to you, **you must supplement** your response to the U.S. Environmental Protection Agency (EPA). Moreover, should you find, at any time, after submission of your response, that any portion of the submitted information is false or misrepresents the truth, or, though correct when made, is no longer true, you must notify the EPA of this fact as soon as possible and provide the EPA with a corrected response.
4. For each document produced in response to this Information Request, indicate on the document, or in some other reasonable manner, the number of the Question (and the letter of a subpart of a Question, if applicable) to which it responds.
5. You may assert a business confidentiality claim covering part or all of the information which you submit in response to this request. Any such claim must be made by placing on (or attaching to) the information, at the time it is submitted to the EPA, a cover sheet or a stamped or typed legend or other suitable form of notice employing language such as "trade secret," "proprietary," or "company confidential." Confidential portions of otherwise non-confidential documents should be clearly identified and may be submitted separately to facilitate identification and handling by the EPA. If you make such a claim, the information covered by that claim will be disclosed by the EPA only to the extent, and by means of the procedures, set forth in subpart B of 40 CFR Part 2. If no such claim accompanies the information when it is received by the EPA, it may be made available to the public by the EPA without further notice to you. The requirements of 40 CFR Part 2 regarding business confidentiality claims were published in the Federal Register on September 1, 1976, and were amended September 8, 1976, and December 18, 1985.
6. Personal Privacy Information. Personnel and medical files, and similar files the disclosure of which to the general public may constitute an invasion of privacy should be segregated from your responses, included on separate sheet(s), and marked as "Personal Privacy Information."
7. Objections to questions. If you have objections to some or all the questions within the Information Request Letter, you are still required to respond to each of the questions.

DEFINITIONS

The following definitions shall apply to the following words as they appear in this enclosure:

1. The terms "and" and "or" shall be construed either disjunctively or conjunctively as necessary to bring within the scope of this Information Request any information which might otherwise be construed to be outside its scope.
2. The term "any", as in "any documents" for example, shall mean "any and all."
3. The term "arrangement" means every separate contract or other agreement between two or more persons.
4. The terms "document(s)" and "documentation" shall mean any object that records, stores, or presents information, and includes writings of any kind, formal or informal, whether or not wholly or partially in handwriting, including by way of illustration and not by way of limitation, any invoice, manifest, bill of lading, receipt, endorsement, check, bank draft, canceled check, deposit slip, withdrawal slip, order, correspondence, record book, minutes, memorandum of telephone and other conversations including meetings, agreements and the like, diary, calendar, desk pad, scrapbook, notebook, bulletin, circular, form, pamphlet, statement, journal, postcard, letter, telegram, telex, telecopy, telefax, report, notice, message, analysis, comparison, graph, chart, map, interoffice or intra office communications, photostat or other copy of any documents, microfilm or other film record, any photograph, sound recording on any type of device, any punch card, disc pack; any tape or other type of memory generally associated with computers and data processing (together with the programming instructions and other written material necessary to use such punch card, disc, or disc pack, tape or other type of memory and together with the printouts of such punch card, disc, or disc pack, tape or other type of memory); and (a) every copy of each document which is not an exact duplicate of a document which is produced, (b) every copy which has any writing, figure or notation, annotation or the like on it, (c) drafts, (d) attachments to or enclosures with any document and (e) every document referred to in any other document.
5. The term "identify" means, with respect to a natural person, to set forth the person's name, present or last known business and personal addresses, email address(es), and telephone numbers, and present or last known job title, position or business. Also provide e-mail addresses.
6. The term "identify" means, with respect to a corporation, partnership, business trust or other association or business entity (including, but not limited to, a sole proprietorship), to set forth its full name, address, and legal form (e.g. corporation [including state of incorporation], partnership, etc.), organization, if any, a brief description of its business, and to indicate whether or not it is still in existence and, if it is no longer in existence, to explain how its existence was terminated and to indicate the date on which it ceased to exist. Also provide e-mail addresses.
7. The term "identify" means, with respect to a document, to provide the type of document, to provide its customary business description, its date, its number, if any (invoice or purchase order number), subject matter, the identity of the author, addressor, addressee and/or recipient, and the present location of such document.

8. The term "person" shall have the same definition as in Subsection 101 (21) of CERCLA, 42 U.S.C. § 9601 (21).
9. The term "Site" shall mean and include the Falcon Refinery Superfund Site (Site). The Site is the location from which the now closed Falcon Refinery had operated. The Site is located southeast of the city limits of the City of Ingleside, in San Patricio County, Texas.
10. The terms "you" or "your" or "Respondent" shall mean the addressee of this Request, the addressee's officers, managers, employees, contractors, trustees, partners, successors and agents.
12. Words in the masculine shall be construed in the feminine, and vice versa, and words in the singular shall be construed in the plural, and vice versa, where appropriate in the context of a particular question or questions as necessary to bring within the scope of this Information Request any information which might otherwise be construed to be outside its scope.
13. All terms not defined herein shall have their ordinary meaning, unless such terms are defined in CERCLA, RCRA, 40 CFR Part 300 or 40 CFR Parts 260-280, in which case the statutory or regulatory definitions shall apply.

ENCLOSURE 3
FALCON REFINERY SUPERFUND SITE
INFORMATION REQUEST
QUESTIONS

1. Please identify the person(s) that answers the below questions on behalf of the National Oil Recovery Corporation (NORCO). Please also include that person(s) contact information address, phone number, fax number, and e-mail address
2. Does NORCO wish to designate an individual for future correspondence from the U.S. Environmental Protection Agency (EPA) that associates NORCO to this Site? If yes, please provide the individual's name, address, telephone number, and fax number.
3. Please identify all organizational and/or financial relationships, if any, that NORCO, and/or Mr. Solfred Maizus (NORCO's president) has, or ever had, with following person and business entities:
 - A. Jonathan Carroll.
 - B. Blue Dolphin Energy Company, a Delaware corporation, recognized by the Texas Secretary of State.
 - C. Carroll & Company Financial Holdings LP, a Texas limited partnership, recognized by the TX Secretary of State.
 - D. Lazarus Financial, LLC, a Texas limited liability company, recognized by the Texas Secretary of State.
 - E. Lazarus Energy Holdings LLC (LEH), a Delaware limited liability company, recognized by the Texas Secretary of State.
 - F. Lazarus Energy LLC, a Delaware limited liability company, recognized by the Texas Secretary of State.
 - G, Lazarus Texas Refinery I, LLC (LTRI) a Delaware limited liability company, recognized by the Texas Secretary of State.
 - H. Lazarus Texas Refinery II, LLC, a Delaware limited liability company, recognized by the Texas Secretary of State.
 - I. Apollo Management VI, L.P., a Delaware limited partnership, recognized by the New York Division of Corporations (reported as one of two governing organizations for Lazarus Energy Holdings LLC).
 - J. AP Energy Partners LLC, (reported as being the governing person and director for Lazarus Energy Holdings LLC).

4. Please identify all organizational and/or financial relationships, if any, that NORCO, and/or Mr. Solfred Maizus has, or ever had, with NORCOROM Industries, SRL (NORCO-SRL) and/or with Mr. Nelu Marius Velicescu (President, Sole Shareholder, and Director of NORCO-SRL).
5. Please provide phone numbers and mailing addresses for NORCO-SRL and for Mr. Nelu Marius Velicescu.
6. Narrative in Letter Agreement, February 23, 2012, (see Enclosure 4, Attachment 2, Letter Agreement) states that "Norco and LEH and LTR[I] have negotiated the sale and conveyance of the Falcon Refinery Superfund Site located southeast of the city limits of the City of Ingleside, in San Patricio County, Texas (Site) to LTRI, "...pursuant to the following terms and provisions... The purchase price for the Property shall consist of LTR[I] paying Norco and a Related Company a total of Three Million Five Hundred Thousand Dollars (\$3,500,000.00) cash...LEH and LTR [LTRI], jointly and severally, assuming and being solely responsible for costs, expenses and penalties in any way relating to (i) the EPA mandated clean-up contemplated and provided for under the AOC's and Agreed Orders...The Three Million Five Hundred Thousand Dollars (\$3,500,000.00) cash [sale price] will be represented by promissory notes (the "Notes") made payable to Norco [NORCO] or order, and/or a Related Company, with interest on a reducing principal at the rate of five percent (5%) per annum, and payable in agreed monthly installments. The Notes will be secured in their payment by liens reasonably satisfactory to Norco [NORCO] and/or its Related Company." Considering the above information, please answer the following questions:
 - A. Identify the person(s) that represented NORCO and NORCO-SRL in this sale agreement.
 - B. Identify each payment date and each dollar amount for each payment that buyers agreed to pay to NORCO and to NORCO-SRL for this purchase.
 - C. Provide copies of documents, i.e., signed receipts, bank deposits, etc., that confirm dates for all payments received and actual dollars received by NORCO from buyer.
 - D. Provide copies of documents, i.e., signed receipts, bank deposits, etc., that confirm dates for payments received and actual dollars received by NORCO-SRL from buyer.
 - E. Are there any documented or undocumented agreements and/or understandings that imply, indicate or specify buyers will pay NORCO, NORCO-SRL, and/or agents, representatives, shareholders, bondholders, or creditors of NORCO and/or NORCO-SRL any amount greater than 3.5 million dollars for the purchase of the Site? If your answer to this question is yes, please explain with supporting documentation.
7. On September 19, 2012, the EPA sent a letter (Enclosure 4, Attachment 5, EPA Letter) to Richard F. Bergner, registered agent for NORCO, advising that NORCO had failed to replenish the Special Account #2, Falcon Refinery Superfund Site 06MC. The letter also advised Mr. Bergner that the EPA demanded NORCO immediately pay the \$209,036.12 in order to comply with NORCO's Administrative Order on Consent for Remedial Investigation and Feasibility Study at the Site. The EPA has not yet received the \$209,036.12 payment from NORCO. Please indicate when NORCO will pay this debt owed to EPA.
8. The following questions seek information to assist the EPA to determine NORCO's financial ability to pay monies required by NORCO's Administrative Order On Consent For Removal Action at the Site:

- A. Please provide copies of NORCO's audited ~~yearend~~ **annual** balance statements for NORCO's calendar years of 2010 through 2012. If these statements have not been audited, please provide copies of unaudited yearend balance statements for the same years.
- B. Please provide copies of NORCO's audited annual income statements, i.e., profit and loss statements for NORCO's calendar years 2010 through 2012. If these statements have not been audited, please provide copies of unaudited annual income statements for the same years.
- C. Please provide signed copies of NORCO's filed Forms 1120S (U.S. Income Tax Return for an S Corporation), for calendar years 2010, 2011 and 2013. Please insure provided copies of NORCO's filed Forms illustrate signatures of a person authorized to sign the Form for NORCO and the full name, with signature, of the firm that prepared the Form for NORCO.
- D. Please provide copies of any and all loan applications submitted by or for NORCO to banks or other lending institutions in the last three calendar years.
- E. Please provide copies of all insurance policies that may potentially provide NORCO with insurance for bodily injury, property damage and/or environmental contamination in connection with the Site and/or NORCO's business operations. Include, without limitation, all comprehensive general liability, primary, excess, and umbrella policies.
- F. To the extent not identified in the subparagraph above, provide all other evidence of casualty, liability and/or pollution insurance issued to NORCO.
- G. If you have any reason to believe that there may be persons able to provide a more detailed or complete response to any question contained herein or who may be able to provide additional responsive documents, please identify such persons and their contact information.
- H. Please provide any additional information that you feel might help the EPA understand the financial situation of NORCO as it pertains to its ability to pay response costs incurred at the Site.

ENCLOSURE 4
FACLON REFINERY SUPERFUND SITE
INFORMATION REQUEST
SUPPORTING DOCUMENTS (SITE INFORMATION)

1. Aerial photo of the Site area overlaid with boundary lines for a 9.145 acre parcel of land, a 50.113 acre parcel of land, a 28.00 acre parcel of land, and a 14.24 acre parcel of land. These four parcels, when combined, comprise total land area of the Falcon Refinery Site.
2. Letter Agreement, dated February 23, 2012, to National Oil Recovery Corporation (NORCO) from Mr. Jonathan Carroll, Director, Lazarus Energy Holdings LLC and Mr. Jonathan Carroll, Director, Lazarus Texas Refinery I, LLC (LTRI).
- ~~3.~~ Special Warranty Deed with Vendor's Lien, executed February 29, 2012, documenting that NORCO sold to LTRI an 87.258 acre land area identified as "Refinery Land," (part of the Site) and a 14.24 acre land area identified as "Barge Dock," (the second part of the Site). The deed further documents that the 87.258 acre land area is also known as the "Falcon Refinery" and has been designated by the Environmental Protection Agency ("EPA") as a Superfund Site, and is subject to remediation and clean-up in connection with two (2) Administrative Orders On Consent with the EPA relative to the Property.
4. Special Warranty Deed and Bill of Sale, executed February 29, 2012, documenting that Norcorom Industries SRL sold to LRTI a 14.24 acre land area identified as "Barge Dock (the second part of the Site).
5. Demand Letter, dated September 19, 2012, from the EPA to Richard F. Bergner, registered agent for NORCO, advising that NORCO had failed to replenish the Special Account #2, Falcon Refinery Superfund Site 06MC.